

EGYPT IS EVERYWHERE!

## Put Price Controls on Food And Enact Glass-Steagall

by Helga Zepp-LaRouche

Feb. 18—*This article was translated from German.*

Politicians have obviously not understood it yet, but a revolt has broken out worldwide against hunger, outrageous food prices, glaring injustice, corruption, oppression, and reactionary elites holding power, all of which rob the youth of their future. People no longer see why they should accept conditions that leave them no options. The hunger riots of 2008 were directed against high food prices. The 2011 uprisings in North Africa and Southwest Asia, as well as the mass demonstrations in Wisconsin and Ohio against attempts to smash the trade unions, are reactions to the breakdown of the global financial system, and express the popular realization that, without republican freedom, people will have neither food nor hope for the future.

From Algeria, to Tunisia, Libya, Egypt, Yemen, Syria, Lebanon, Jordan, Saudi Arabia, Iran, Bahrain, Wisconsin, and Ohio, a revolutionary process has broken out against the effects of the global systemic crisis. Dictatorships and totalitarian systems that were tolerated for so long, are no longer acceptable; and people are willing to risk their lives to bring them down, if the regimes fail to cover the basic needs of the population. This process will spread internationally, and the

world will either sink into chaos and a new dark age, or the bankrupt financial system will be replaced in short order by a global two-tier banking system [a Glass-Steagall standard].

It may soon become an academic question, whether the individual members of the G20 countries are too incompetent or too corrupt to bring the international financial system under control through regulation. The fact is that the attempt to save the bankrupt banking system through bailouts and buying up of toxic paper just pumps more and more liquidity into the system, as the “rescued” speculators then “invest” in speculation on raw materials and food. As a result, we have hunger revolts and social explosions in North Africa, in Southwest Asia, and in the financially weaker European states.

To prevent the fast-mounting inflation from leading to uncontrollable political and social consequences, price controls on food and energy must be immediately imposed, along with a global two-tier banking system. The latter means that the commercial banks will be protected, while the worthless assets of investment banks will be written off, and the “shadow banking system,” nailed by the U.S. Angelides Commission [the Financial Crisis Inquiry Commission], will effectively be put in quarantine.

This shadow banking system—i.e., the financial operations conducted primarily from London, by the fully deregulated parallel financial institutions—now has a market share of 70% of all transactions in the United States and 40% in Europe, while serving as a supercomputer that can process thousands of transactions per second. Behind the mergers of the German Stock Exchange with the NYSE Euronext; the stock exchanges of Singapore and Sydney; and those of London and Toronto, there is a panic, driven by competition over who will direct the speculators' financial flows. Back on May 6, 2010, a glitch in some computer system brought the financial system to the brink of a meltdown.

### **The Angelides Report**

The report by the Angelides Commission, published in the U.S. on Jan. 27, exposed, absolutely truthfully, the 30-year history of the systematic deregulation of the banking sector, including through abolition of the Glass-Steagall standard and the development of the gigantic derivatives market, which are to blame for the escalating crisis. This report not only confirms 100% of Lyndon LaRouche's forecasts and analyses, but also signifies the absolute requirement to restore Franklin Roosevelt's two-tier banking system.

In Europe, not only does such an investigation not exist, but the governments and parliaments, as in the U.S., are continuing their bailouts, as if the Angelides Report had never been written. Whatever cosmetic results may come out of the Feb. 18-19 meeting of the G20 finance ministers, if they do not abolish the derivative market and the shadow banking system, replacing the monetary system with a credit system, the disintegration will continue.

The time bomb is also ticking in the Eurozone. Thus the conservative *Neue Zürcher Zeitung*, reflecting fears among the Swiss, warns that this small, neutral country, which is not even a member of the Eurozone, would still not survive its collapse. According to the *NZZ*, the biggest risk is not so much in the European Central Bank (ECB)'s much-discussed purchase of government bonds worth at least EU76.5 billion so far (whose depreciation could be coped with in an emergency), nor even in the expansion of the ECB's balance sheet from EU900 billion in 2007 to EU1.9 trillion currently; the biggest danger is off-

balance-sheet transactions. Namely, the ECB has begun to accept a wide range of low-quality securities as collateral for loans it gives to the banks, including bank and corporate bonds, debentures, government bonds, and other non-marketable paper. Since a number of Irish, Portuguese, Spanish, and other banks were standing on very shaky foundations, and their loans from the Eurosystem are secured by just such paper, the safety net might not hold, in case of a huge financial loss, such as the bankruptcy of a State.

According to the *NZZ*, the ECB's knowledge of this potential risk places it in an awkward position. By taking on so many risks, it is now itself an interested party, which, for example, would be affected if Greece's debt were restructured. Could the ECB still be neutral in its advice to governments, if the possibility were to arise that the euro bailout fund would buy the toxic government bonds of heavily indebted member countries—rather than those of the ECB?

“There is a risk that anyone who has taken risks as great as the Eurosystem has, can no longer make a decision that is separate from its own self-interest,” writes the *NZZ*. And since the ECB has completely abolished credit ratings for Greek government bonds, it has virtually invited the (toxic) paper to be “unloaded” onto the issuing bank. If a Eurozone member-state should collapse, and with it a whole parade of counterparties, this could lead to a serious failure, which would even dwarf the collapse of Lehman Brothers! One fears that the ECB, knowing this danger full well, is no longer unbiased, the paper writes.

That is the background for Axel Weber's resignation [as chairman of the Bundesbank, the German central bank]; he said that if he became chairman of the ECB, he would not be able to count on the necessary support! Weber is known for his stability-oriented policy, and thus for something that the ECB has clearly abandoned. Thus, the ECB is, in principle, doing the same thing that the Fed is doing in the United States: namely, creating hyperinflationary liquidity. And this liquidity, in turn, is feeding speculation in raw materials and food. And that leads to the social explosions that we are seeing today!

### **Listen to LaRouche!**

The reality is that the current world financial system, including the Eurosystem, cannot coexist with

human civilization. Lyndon LaRouche has for decades been the world's only economist to forecast the reasons for the global financial crisis, while pointing to possible solutions at every turning point. The Angelides Commission has confirmed each of his statements.

Has there been any European parliament, up to now, which has made an effort to investigate these processes, which are existential for the survival of human civilization, and to come up with remedies? What we see instead, is a systematic campaign of politicians and the media, aimed at getting people to focus on completely trivial topics.

In Germany, we need to convene a committee immediately, which would take up the results of the Angelides Report as quickly as possible, and investigate the many clues therein about the practices of European banks. It is also vital to investigate the geopolitical circumstances under which Germany was forced to accept the euro as the price for reunification, and whether the present behavior of the ECB has not long been in violation of its own charter, and its mission of maintaining price stability. There are quali-

fied experts who could answer all these questions, who, up to now, have been largely marginalized by the established parties and the media, but would be ready and willing, in this emergency, to put their knowledge to use.

On the banners of the demonstrators in Wisconsin, there were slogans such as: "Mubarak for Governor" and "Walk like an Egyptian!" Even Republican Congressman Paul Ryan commented, "It's like Cairo has moved to Madison these days."

If governments do not recognize soon, that they must immediately put on the agenda, a policy for the common good, and not for the interests of the speculators, we will very quickly have Egyptian conditions worldwide. The politicians in the established parties have only two choices: Either they take a crash course in understanding what it means to make policies *for* the people, or they should find a different career.

The only way to stop the avalanche that is now occurring, is the immediate introduction of a global Glass-Steagall two-tier banking system!

Help us mobilize to make that happen!

## Lyndon LaRouche On Glass-Steagall and NAWAPA

The North American  
Water and Power Alliance

"The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there."

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